

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

**In re: Sears Holdings Corporation, et al.**  
Debtors (Jointly Administered)

Case No: 18-23538 (RDD)  
Reporting Period: 11/3/19 - 1/4/20  
Federal Tax I.D. #: 20-1920798

**POST-CONFIRMATION CORPORATE QUARTERLY OPERATING REPORT  
FOR THE TWO MONTH STUB PERIOD ENDED JANUARY 4, 2020 AND THE QTD  
SUMMARY OF DISBURSEMENTS BY DEBTOR FOR Q4'19**

DEBTORS' ADDRESS: Sears Holdings Corporation, *et al.*  
3333 Beverly Road  
Hoffman Estates, IL 60179

DEBTORS'  
ATTORNEYS: Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153

DISBURSEMENTS (ACTUAL DOLLARS):  
FOR THE PERIOD ENDED JANUARY 4, 2020

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REPORT PREPARER: Sears Holdings Corporation, *et al.*

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The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury, that the information contained therein is complete, accurate, and truthful to the best of my knowledge.

/s/ Moshin Y. Meghji

January 31, 2020

Moshin Y. Meghji  
Chief Restructuring Officer  
Sears Holdings Corporation, *et al.*

## BACKGROUND

On October 15, 2018 (the “**Petition Date**”), Sears Holdings Corporation and 49 of its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**,” and together with the Debtors’ non-debtor affiliates, the “**Company**”)<sup>1</sup> filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). In addition, Debtors SHC Licensed Business LLC, SHC Promotions LLC and SRe Holding Corporation filed their voluntary petitions for relief on October 18, 2018, October 22, 2018 and January 7, 2019, respectively. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) under the caption Sears Holdings Corporation., et al., Case No. 18-23538 (RDD) (S.D.N.Y.), pursuant to an order entered by the Bankruptcy Court on October 15, 2018 [ECF No. 118]. On October 24, 2018, the United States Trustee for Region 2 (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors pursuant to section 1102(a) of the Bankruptcy Code (the “**Creditors’ Committee**”) [ECF No. 276]. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On February 8, 2019, the Bankruptcy Court entered the *Order (I) Approving the Asset Purchase Agreement Among Sellers and Buyer, (II) Authorizing the Sale of Certain of the Debtors’ Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and Leases in Connection Therewith and (IV) Granting Related Relief* [ECF No. 2507] (the “**Sale Order**”). The Sale Transaction (as defined in the Sale Order) with Transform Holdco LLC (the “**Buyer**”) closed on February 11, 2019 (the “**Closing**”). On October 15, 2019, the Bankruptcy Court entered the *Order (I) Confirming Modified Second Amended Joint Chapter 11 Plan of Sears Holdings Corporation and Its Affiliated Debtors and (II) Granting Related Relief* [ECF No. 5370].

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR - Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

This Post Confirmation Quarterly Operating Report covers the two-month stub period between November 3, 2019 through and including January 4, 2020 and the QTD summary of disbursements by Debtor for Q4'19 (the “QOR”). This QOR is unaudited, is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the post-confirmation quarterly reporting requirements for chapter 11 debtors. This QOR is not intended to be relied upon as a complete description of the Debtors, their business, results of operations, prospects, assets or liabilities. This QOR does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, there can be no assurance that any consolidated financial information presented herein is complete and readers are strongly cautioned not to place undue reliance on this QOR. This QOR should be read in conjunction with the Debtors’ previously filed monthly operating reports.

Notwithstanding any indications of value that may be contained in the Plan or this QOR, no assurance can be given as to the ultimate value that may be ascribed to the Debtors’ various prepetition liabilities or other financial interests.

Additional information regarding the above referenced chapter 11 cases is available on the Debtors’ claims and noticing agent’s website: <https://restructuring.primeclerk.com/sears/>.

In future periods, any changes to prior period balances will be reflected in the current quarter QOR.

In re: SEARS HOLDINGS CORPORATION, et al.

Debtors (Jointly Administered)

Case No. 18-23538 (RDD)

Reporting Period: 11/3/19 – 1/4/20

Federal Tax I.D. No. 20-1920798

The Quarterly Operating Report (“QOR”) includes activity for the following Debtors:

#	DEBTOR ENTITY NAME	FILING DATE	BANKRUPTCY CASE NUMBER	COMPLETE EIN OR OTHER TAXPAYER I.D.
1.	SEARS, ROEBUCK AND CO.	10/15/18	18-23537	36-1750680
2.	SEARS HOLDINGS CORPORATION	10/15/18	18-23538	20-1920798
3.	KMART HOLDING CORPORATION	10/15/18	18-23539	32-0073116
4.	KMART OPERATIONS LLC	10/15/18	18-23540	32-0456546
5.	SEARS OPERATIONS LLC	10/15/18	18-23541	35-2524331
6.	SERVICE LIVE, INC.	10/15/18	18-23542	36-4616774
7.	A&E FACTORY SERVICE, LLC	10/15/18	18-23543	36-4486695
8.	A&E HOME DELIVERY, LLC	10/15/18	18-23544	37-1500205
9.	A&E LAWN & GARDEN, LLC	10/15/18	18-23545	13-4275028
10.	A&E SIGNATURE SERVICE, LLC	10/15/18	18-23546	37-1500204
11.	FBA HOLDINGS INC.	10/15/18	18-23547	36-4186537
12.	INNOVEL SOLUTIONS, INC.	10/15/18	18-23548	36-1857180
13.	KMART CORPORATION	10/15/18	18-23549	38-0729500
14.	MAXSERV, INC.	10/15/18	18-23550	74-2707626
15.	PRIVATE BRANDS, LTD.	10/15/18	18-23551	55-0544022
16.	SEARS DEVELOPMENT CO.	10/15/18	18-23552	36-2476028
17.	SEARS HOLDINGS MANAGEMENT CORPORATION	10/15/18	18-23553	20-3592148
18.	SEARS HOME & BUSINESS FRANCHISES, INC.	10/15/18	18-23554	98-0126742
19.	SEARS HOME IMPROVEMENT PRODUCTS, INC.	10/15/18	18-23555	25-1698591
20.	SEARS INSURANCE SERVICES, L.L.C.	10/15/18	18-23556	36-4287182
21.	SEARS PROCUREMENT SERVICES, INC.	10/15/18	18-23557	30-0092859
22.	SEARS PROTECTION COMPANY	10/15/18	18-23558	36-4471250
23.	SEARS PROTECTION COMPANY (PR) INC.	10/15/18	18-23559	66-0704861
24.	SEARS ROEBUCK ACCEPTANCE CORP.	10/15/18	18-23560	51-0080535
25.	SR-ROVER DE PUERTO RICO, LLC (f/k/a SEARS, ROEBUCK DE PUERTO RICO, INC.)	10/15/18	18-23561	66-0233626
26.	SYW RELAY LLC	10/15/18	18-23562	35-2561870
27.	WALLY LABS LLC	10/15/18	18-23563	None
28.	BIG BEAVER OF FLORIDA DEVELOPMENT, LLC	10/15/18	18-23564	None
29.	CALIFORNIA BUILDER APPLIANCES, INC.	10/15/18	18-23565	68-0406327
30.	FLORIDA BUILDER APPLIANCES, INC.	10/15/18	18-23566	36-3619133
31.	KBL HOLDING INC.	10/15/18	18-23567	26-0031295
32.	KLC, INC.	10/15/18	18-23568	75-2490839
33.	SEARS PROTECTION COMPANY (FLORIDA), LLC	10/15/18	18-23569	20-0224239
34.	KMART OF WASHINGTON LLC	10/15/18	18-23570	61-1448898
35.	KMART STORES OF ILLINOIS LLC	10/15/18	18-23571	61-1448897
36.	KMART STORES OF TEXAS LLC	10/15/18	18-23572	61-1448915
37.	MYGOFER LLC	10/15/18	18-23573	26-4005531
38.	ROVER BRANDS BUSINESS UNIT, LLC (f/k/a SEARS BRANDS BUSINESS UNIT CORPORATION)	10/15/18	18-23574	42-1564658
39.	SEARS HOLDINGS PUBLISHING COMPANY, LLC	10/15/18	18-23575	26-0075554
40.	KMART OF MICHIGAN, INC.	10/15/18	18-23576	38-3551696
41.	SHC DESERT SPRINGS, LLC	10/15/18	18-23577	None
42.	SOE, INC.	10/15/18	18-23578	83-0399616
43.	STARWEST, LLC	10/15/18	18-23579	37-1495379
44.	STI MERCHANDISING, INC.	10/15/18	18-23580	38-2760188
45.	TROY COOLIDGE NO. 13, LLC	10/15/18	18-23581	None
46.	BLUELIGHT.COM, INC.	10/15/18	18-23582	77-0527034
47.	SEARS BRANDS, L.L.C.	10/15/18	18-23583	42-1564664
48.	SEARS BUYING SERVICES, INC.	10/15/18	18-23584	36-3256533
49.	KMART.COM LLC	10/15/18	18-23585	77-0529022
50.	SEARS BRANDS MANAGEMENT CORPORATION	10/15/18	18-23586	36-2555365
51.	SHC LICENSED BUSINESS LLC	10/18/18	18-23616	37-1783718
52.	SHC PROMOTIONS LLC	10/22/18	18-23630	26-4209626
53.	SRE HOLDING CORPORATION	1/7/19	19-22031	46-4344816

In re: SEARS HOLDINGS CORPORATION, et al.

Debtors (Jointly Administered)

QOR-1a

(in US Dollars)

(Unaudited)

Case No. 18-23538 (RDD)

Reporting Period: 11/3/19 – 1/4/20

Federal Tax I.D. No. 20-1920798

SCHEDULE OF DISBURSEMENTS

#	DEBTOR ENTITY NAME	BANKRUPTCY CASE NUMBER	NET CASH DISBURSEMENTS (a)	PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. escrow accounts)	TOTAL DISBURSEMENTS (FOR QUARTERLY FEE PURPOSES)	F/N
1.	SEARS, ROEBUCK AND CO.	18-23537	\$2,671,324	-	\$2,671,324	
2.	SEARS HOLDINGS CORPORATION	18-23538	21,245,000	12,200,126	33,445,126	(b)
3.	KMART HOLDING CORPORATION	18-23539	-	-	-	
4.	KMART OPERATIONS LLC	18-23540	17,922	-	17,922	
5.	SEARS OPERATIONS LLC	18-23541	369,190	-	369,190	
6.	SERVICELIVE, INC.	18-23542	-	-	-	
7.	A&E FACTORY SERVICE, LLC	18-23543	-	-	-	
8.	A&E HOME DELIVERY, LLC	18-23544	-	-	-	
9.	A&E LAWN & GARDEN, LLC	18-23545	-	-	-	
10.	A&E SIGNATURE SERVICE, LLC	18-23546	-	-	-	
11.	FBA HOLDINGS INC.	18-23547	-	-	-	
12.	INNOVEL SOLUTIONS, INC.	18-23548	24,546	-	24,546	
13.	KMART CORPORATION	18-23549	101,544	-	101,544	
14.	MAXSERV, INC.	18-23550	-	-	-	
15.	PRIVATE BRANDS, LTD.	18-23551	-	-	-	
16.	SEARS DEVELOPMENT CO.	18-23552	-	-	-	
17.	SEARS HOLDINGS MANAGEMENT CORPORATION	18-23553	18,515	-	18,515	
18.	SEARS HOME & BUSINESS FRANCHISES, INC.	18-23554	-	-	-	
19.	SEARS HOME IMPROVEMENT PRODUCTS, INC	18-23555	-	-	-	
20.	SEARS INSURANCE SERVICES, L.L.C.	18-23556	-	-	-	
21.	SEARS PROCUREMENT SERVICES, INC.	18-23557	-	-	-	
22.	SEARS PROTECTION COMPANY	18-23558	-	-	-	
23.	SEARS PROTECTION COMPANY (PR) INC.	18-23559	-	-	-	
24.	SEARS ROEBUCK ACCEPTANCE CORP.	18-23560	-	-	-	
25.	SR-ROVER DE PUERTO RICO, LLC (f/k/a SEARS, ROEBUCK DE PUERTO RICO, INC.)	18-23561	1,606	-	1,606	
26.	SYW RELAY LLC	18-23562	-	-	-	
27.	WALLY LABS LLC	18-23563	-	-	-	
28.	BIG BEAVER OF FLORIDA DEVELOPMENT, LLC	18-23564	-	-	-	
29.	CALIFORNIA BUILDER APPLIANCES, INC.	18-23565	-	-	-	
30.	FLORIDA BUILDER APPLIANCES, INC.	18-23566	-	-	-	
31.	KBL HOLDING INC.	18-23567	-	-	-	
32.	KLC, INC.	18-23568	-	-	-	
33.	SEARS PROTECTION COMPANY (FLORIDA), LLC	18-23569	-	-	-	
34.	KMART OF WASHINGTON LLC	18-23570	188	-	188	
35.	KMART STORES OF ILLINOIS LLC	18-23571	33,022	-	33,022	
36.	KMART STORES OF TEXAS LLC	18-23572	-	-	-	
37.	MYGOFER LLC	18-23573	-	-	-	
38.	ROVER BRANDS BUSINESS UNIT, LLC (f/k/a SEARS BRANDS BUSINESS UNIT CORPORATION)	18-23574	-	-	-	
39.	SEARS HOLDINGS PUBLISHING COMPANY, LLC	18-23575	-	-	-	
40.	KMART OF MICHIGAN, INC.	18-23576	2,879	-	2,879	
41.	SHC DESERT SPRINGS, LLC	18-23577	-	-	-	
42.	SOE, INC.	18-23578	-	-	-	
43.	STARWEST, LLC	18-23579	-	-	-	
44.	STI MERCHANDISING, INC.	18-23580	-	-	-	
45.	TROY COOLIDGE NO. 13, LLC	18-23581	-	-	-	
46.	BLUELIGHT.COM, INC.	18-23582	-	-	-	
47.	SEARS BRANDS, L.L.C.	18-23583	-	-	-	
48.	SEARS BUYING SERVICES, INC.	18-23584	-	-	-	
49.	KMART.COM LLC	18-23585	-	-	-	
50.	SEARS BRANDS MANAGEMENT CORPORATION	18-23586	-	-	-	
51.	SHC LICENSED BUSINESS LLC	18-23616	-	-	-	
52.	SHC PROMOTIONS LLC	18-23630	-	-	-	
53.	SRE HOLDING CORPORATION	19-22031	-	-	-	
<b>TOTAL</b>			<b>\$24,485,737</b>	<b>\$12,200,126</b>	<b>\$36,685,863</b>	

Footnote(s):

(a) The net cash disbursements represent cash disbursed by the Debtor entity excluding disbursements made on behalf of other Debtor entities, which are reflected on the accounts of the Debtors on whose behalf they are made. "Flow through" disbursements used to pay the Buyer's accounts payable and payroll are excluded.

(b) Sears Holdings Corporation (18-23538) disbursements made by outside sources represent professional fee payments.

In re: SEARS HOLDINGS CORPORATION, et al.

Debtors (Jointly Administered)

QOR-1a.1

(in US Dollars)

(Unaudited)

Case No. 18-23538 (RDD)

Reporting Period: 10/6/19 – 1/4/20

Federal Tax I.D. No. 20-1920798

## QTD SUMMARY OF DISBURSEMENTS BY DEBTOR

#	DEBTOR ENTITY NAME	BANKRUPTCY CASE NUMBER	Q4'19			
			TOTAL DISBURSEMENTS (FOR QUARTERLY FEE PURPOSES)			
			OCT. 6 - NOV. 2, 2019	NOV. 3 - 30, 2019	DEC. 1 - JAN. 4, 2020	OCT. 6 - JAN. 4, 2020
1.	SEARS, ROEBUCK AND CO.	18-23537	\$256,139	\$325,560	\$2,345,765	\$2,927,463
2.	SEARS HOLDINGS CORPORATION	18-23538	20,052,556	3,574,682	29,870,444	53,497,682
3.	KMART HOLDING CORPORATION	18-23539	-	-	-	-
4.	KMART OPERATIONS LLC	18-23540	-	1,637	16,285	17,922
5.	SEARS OPERATIONS LLC	18-23541	-	352,917	16,274	369,190
6.	SERVICELIVE, INC.	18-23542	-	-	-	-
7.	A&E FACTORY SERVICE, LLC	18-23543	-	-	-	-
8.	A&E HOME DELIVERY, LLC	18-23544	-	-	-	-
9.	A&E LAWN & GARDEN, LLC	18-23545	-	-	-	-
10.	A&E SIGNATURE SERVICE, LLC	18-23546	-	-	-	-
11.	FBA HOLDINGS INC.	18-23547	-	-	-	-
12.	INNOVEL SOLUTIONS, INC.	18-23548	14,843	1,476	23,070	39,389
13.	KMART CORPORATION	18-23549	-	1,392	100,152	101,544
14.	MAXSERV, INC.	18-23550	-	-	-	-
15.	PRIVATE BRANDS, LTD.	18-23551	-	-	-	-
16.	SEARS DEVELOPMENT CO.	18-23552	-	-	-	-
17.	SEARS HOLDINGS MANAGEMENT CORPORATION	18-23553	27,744	-	18,515	46,259
18.	SEARS HOME & BUSINESS FRANCHISES, INC.	18-23554	-	-	-	-
19.	SEARS HOME IMPROVEMENT PRODUCTS, INC	18-23555	-	-	-	-
20.	SEARS INSURANCE SERVICES, LLC.	18-23556	-	-	-	-
21.	SEARS PROCUREMENT SERVICES, INC.	18-23557	-	-	-	-
22.	SEARS PROTECTION COMPANY	18-23558	-	-	-	-
23.	SEARS PROTECTION COMPANY (PR) INC.	18-23559	-	-	-	-
24.	SEARS ROEBUCK ACCEPTANCE CORP.	18-23560	-	-	-	-
25.	SR-ROVER DE PUERTO RICO, LLC (f/k/a SEARS, ROEBUCK DE PUERTO RICO, INC.)	18-23561	803	803	803	2,408
26.	SYW RELAY LLC	18-23562	-	-	-	-
27.	WALLY LABS LLC	18-23563	-	-	-	-
28.	BIG BEAVER OF FLORIDA DEVELOPMENT, LLC	18-23564	-	-	-	-
29.	CALIFORNIA BUILDER APPLIANCES, INC.	18-23565	-	-	-	-
30.	FLORIDA BUILDER APPLIANCES, INC.	18-23566	-	-	-	-
31.	KBL HOLDING INC.	18-23567	-	-	-	-
32.	KLC, INC.	18-23568	-	-	-	-
33.	SEARS PROTECTION COMPANY (FLORIDA), LLC	18-23569	-	-	-	-
34.	KMART OF WASHINGTON LLC	18-23570	-	125	63	188
35.	KMART STORES OF ILLINOIS LLC	18-23571	-	21,712	11,310	33,022
36.	KMART STORES OF TEXAS LLC	18-23572	-	-	-	-
37.	MYGOFER LLC	18-23573	-	-	-	-
38.	ROVER BRANDS BUSINESS UNIT, LLC (f/k/a SEARS BRANDS BUSINESS UNIT CORPORATION)	18-23574	-	-	-	-
39.	SEARS HOLDINGS PUBLISHING COMPANY, LLC	18-23575	-	-	-	-
40.	KMART OF MICHIGAN, INC.	18-23576	-	1,640	1,239	2,879
41.	SHC DESERT SPRINGS, LLC	18-23577	-	-	-	-
42.	SOE, INC.	18-23578	-	-	-	-
43.	STARWEST, LLC	18-23579	-	-	-	-
44.	STI MERCHANDISING, INC.	18-23580	-	-	-	-
45.	TROY COOLIDGE NO. 13, LLC	18-23581	-	-	-	-
46.	BLUELIGHT.COM, INC.	18-23582	-	-	-	-
47.	SEARS BRANDS, LLC.	18-23583	-	-	-	-
48.	SEARS BUYING SERVICES, INC.	18-23584	-	-	-	-
49.	KMART.COM LLC	18-23585	-	-	-	-
50.	SEARS BRANDS MANAGEMENT CORPORATION	18-23586	-	-	-	-
51.	SHC LICENSED BUSINESS LLC	18-23616	-	-	-	-
52.	SHC PROMOTIONS LLC	18-23630	-	-	-	-
53.	SRE HOLDING CORPORATION	19-22031	-	-	-	-
	<b>TOTAL</b>		<b>\$20,352,084</b>	<b>\$4,281,944</b>	<b>\$32,403,920</b>	<b>\$57,037,948</b>